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August 29, 2002

## APPLICATION

Honorable James H. Welsh  
Commissioner of Conservation  
P.O., Box 94275  
Baton Rouge, LA 70804-9275

RE: 10,200' Sand, Reservoir B  
10,300' Sand, Reservoir B  
10,400' Sand, Reservoir D  
Bay Baptiste Field  
Terrebonne Parish, Louisiana

Dear Commissioner Welsh:

Application is hereby made on behalf of **DENBURY RESOURCES, INC.** for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of Orders pertaining to the following matters in the **10,200' Sand, Reservoir B**, the **10,300' Sand, Reservoir B** and the **10,400' Sand, Reservoir D**, all in the Bay Baptiste Field, Terrebonne Parish, Louisiana, to-wit:

1. To establish rules and regulations and create a single drilling and production unit for the exploration for and production of gas and condensate for each of the above referenced reservoirs, such units to be designated 10200 RB SUA, 10300 RB SUA and 10400 RD SUA, respectively;
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed units, with each tract sharing in unit production on a surface acreage basis of participation;

OF COUNSEL  
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\*\*ALSO ADMITTED IN MISSISSIPPI  
\*\*\*ALSO ADMITTED IN OKLAHOMA

3. To designate unit wells for the proposed units;
4. To designate Denbury Resources, Inc. as the unit operator for the proposed units;
5. To provide that the Commissioner of Conservation should be authorized to reclassify these reservoirs by supplemental order without the necessity of a public hearing if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation; and
6. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The 10,200' Sand, Reservoir B, in the Bay Baptiste Field is hereby defined as that gas and condensate bearing interval encountered between the depths of 10,418 feet and 10,458 feet, electric log measurements, in the Zeit Exploration Company, Inc. - Fina Oil and Chemical Company No. 1 Well, located in Section 5, Township 20 South, Range 19 East, Terrebonne Parish, Louisiana.

The 10,300' Sand in the Bay Baptiste Field was previously defined in Office of Conservation Order No. 939-J, dated effective July 9, 1996.

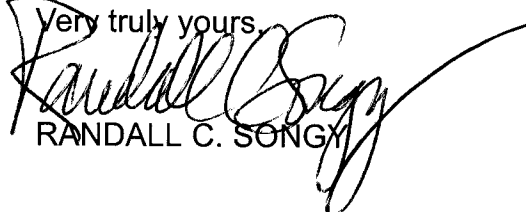
The 10,400' Sand, Reservoir D, in the Bay Baptiste Field is hereby defined as that gas and condensate bearing interval encountered between the depths of 10,838 feet and 10,925 feet, electric log measurements, in the Zeit Exploration Company, Inc. - State Lease No. 14-211 No. 1 Well, located in Section 6, Township 20 South, Range 19 East, Terrebonne Parish, Louisiana.

A conference to discuss the proposed application and any opposition thereto was held at 10:30 a.m., on August 7, 2002, at Onebane Law Firm, 102 Versailles Blvd., Suite 600, Lafayette, Louisiana 70502, (337) 237-2660. A list of the parties who attended the pre-application conference is attached. Randall C. Songy, attorney for the applicant, opened the conference with a brief discussion of the Rules of Procedures. Frank Harrison, Jr., geological consultant for the applicant, explained the applicant's proposal and the geological, engineering and other bases therefor, and answered questions. Counter plans for the 10,200' and 10,400' Sands were presented by Bill McAlister on behalf of Diasu. There was no resolution of differences, and the conference was then adjourned.

Pertinent data relating to the proposed application can be obtained, AT THE COST OF THE REQUESTING PARTY, by contacting Frank Harrison, Jr., 200 Audubon Blvd., Lafayette, Louisiana 70503, (Phone: 337-232-4031).

There is attached hereto and made a part hereof plats outlining the proposed units and a list of the names and addresses of the interested parties to whom this unitization proposal is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished ONLY to the Commissioner of Conservation and to the District manager of the Lafayette District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

Finally, enclosed herein is our check in the amount of \$2100.00 made payable to the Office of Conservation in payment of the required hearing application fee.

Very truly yours,  
  
RANDALL C. SONG

RCS/dde/bad

Enclosures

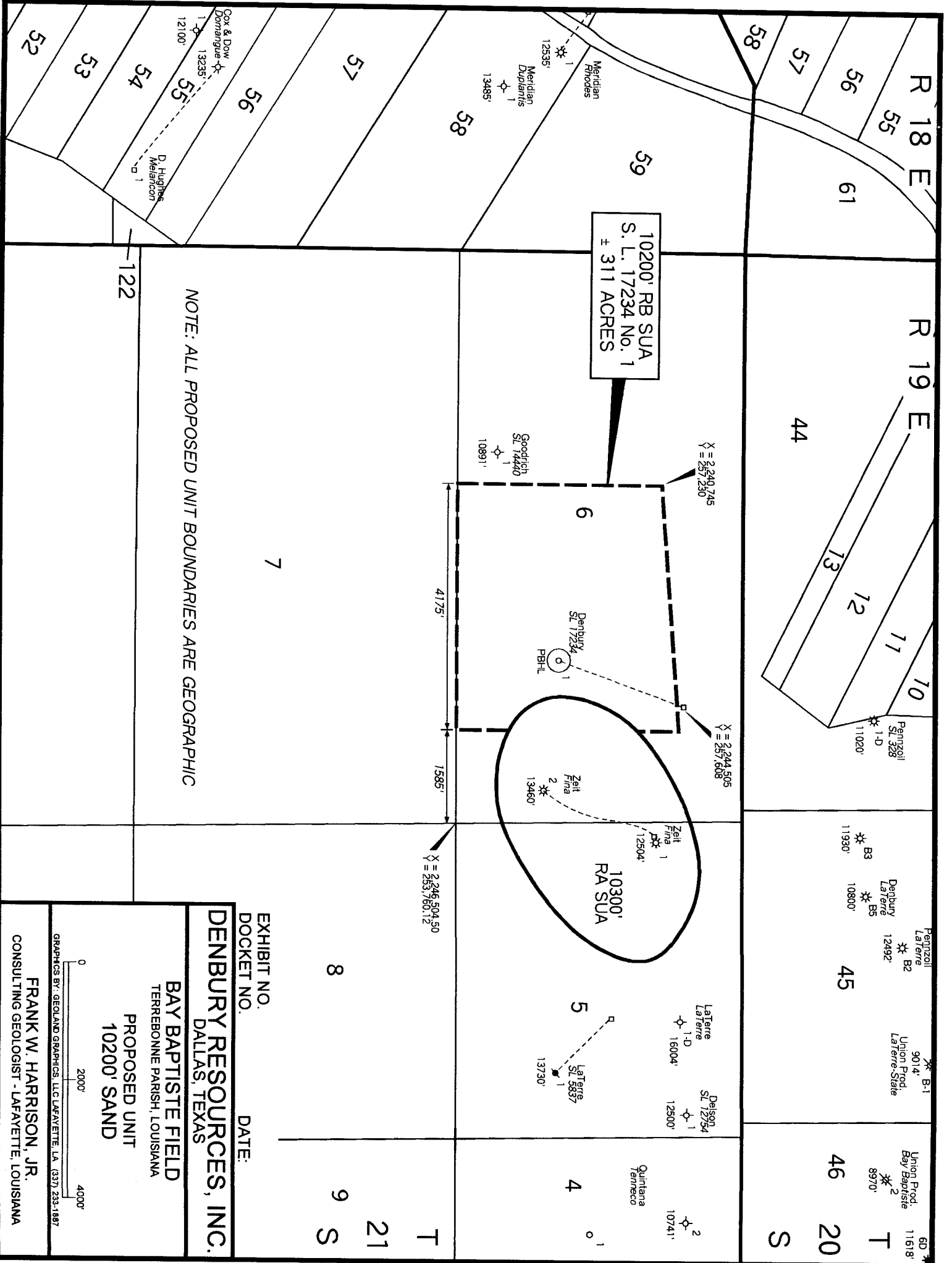
cc: Mr. Richard Hudson, District Manager  
Office of Conservation

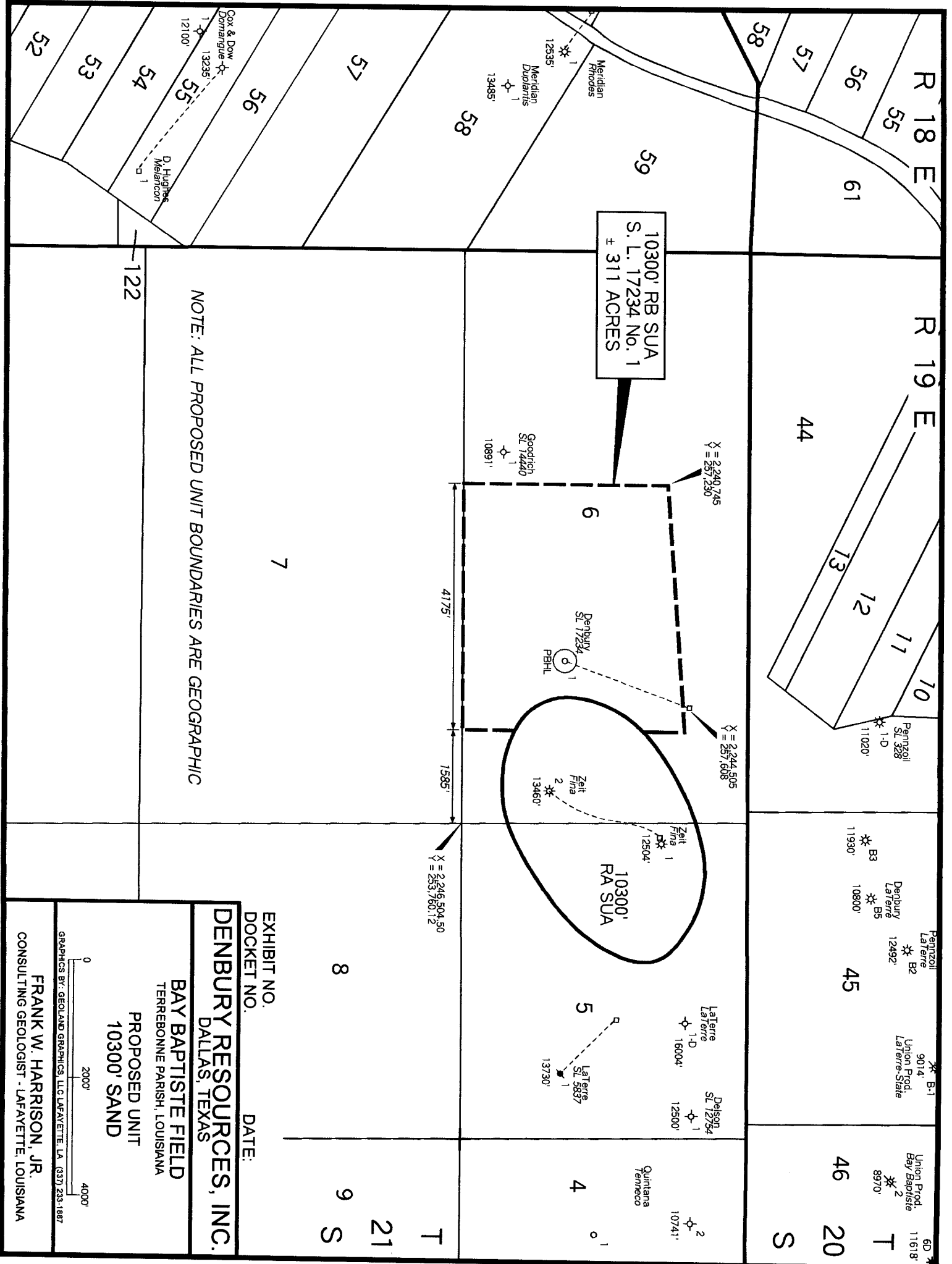
All Interested Owners, Interested Parties  
and Represented Parties

**P.S. To all Interested Owners, Represented Parties and Interested Parties:**

You may have received this Application even though your property is not included in the proposed unit, because the Revised Rules of Procedure require us to attempt to also notify everyone owning an interest in the area "proximate to" the proposed units. In some cases, the area proximate to proposed units can extend as far as one-half mile outside the unit boundary.

Your receipt of this Application does not require you to take any action. It is meant to notify you of these proceedings so that you have the opportunity to participate if you so desire.





DATE:

**DENBURY RESOURCES, INC.**  
DALLAS, TEXAS

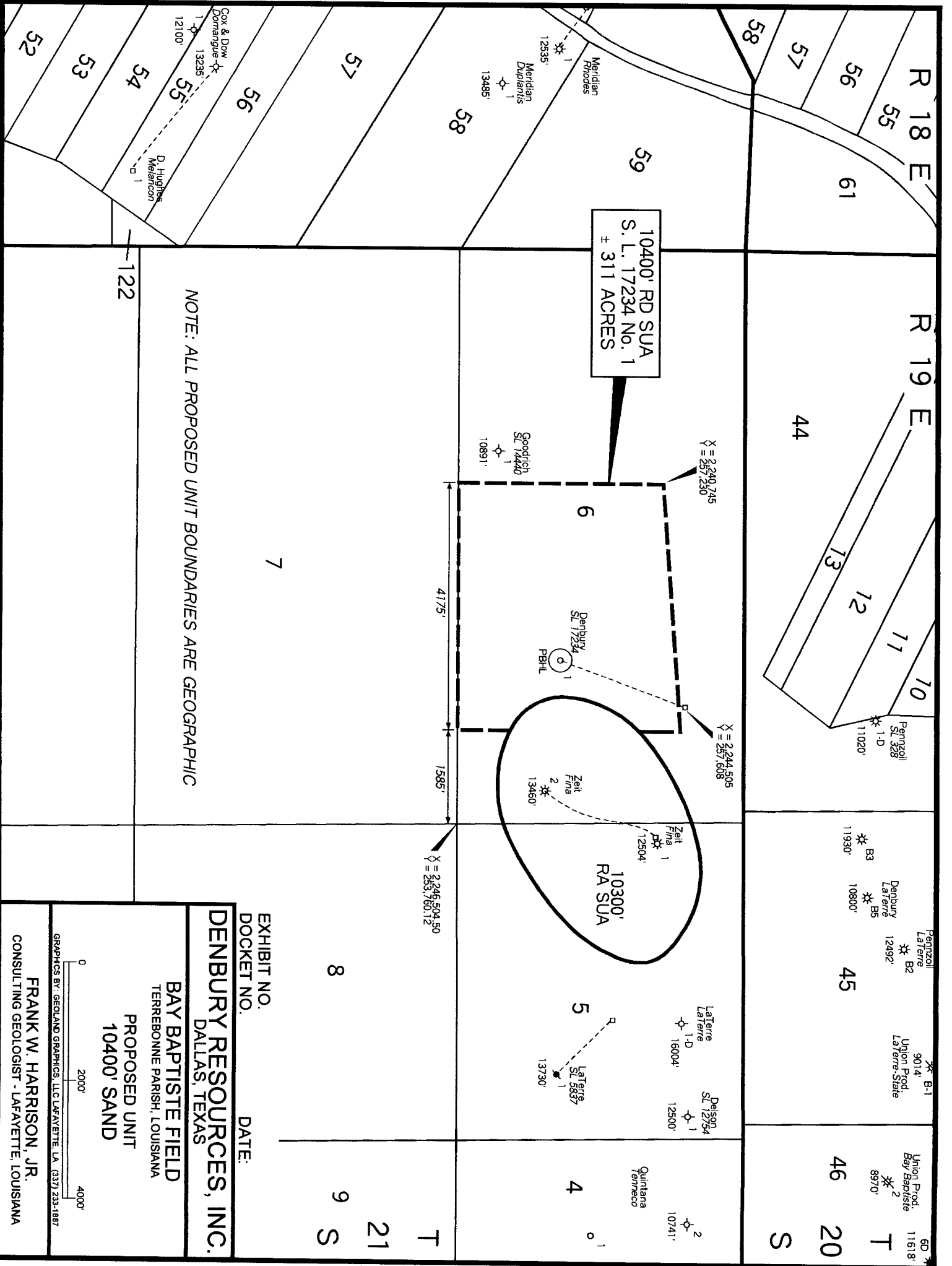
**BAY BAPTISTE FIELD**  
TERREBONNE PARISH, LOUISIANA

PROPOSED UNIT  
10300' SAND

GRAPHICS BY: GEOLAND GRAPHICS, LLC LAFAYETTE, LA (337) 233-1887

**FRANK W. HARRISON, JR.**

**CONSULTING GEOLOGIST - LAFAYETTE, LOUISIANA**



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